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Report to the Finance Strategic Policy Committee

Outcome of the National Review of the Local Property Tax (LPT) Baseline

1.0 Background

At its meeting held on 22nd March, Finance SPC Members considered the report (The Grant Thornton report) of its commissioned review of local government funding as applies to Dublin City Council. The SPC established a subcommittee to consider the subject of Local Government Funding particularly in an urban context. Meetings were held with members of the Oireachtas and of other urban local authorities. A national review of the Local Property Tax (LPT) Baseline was initiated by the Department of Housing, Heritage and Local Government. The Finance SPC submission to the national exercise was agreed by the subcommittee, drawing on the Grant Thornton report and the feedback from engagement with others. A summary of the SPC's submission is attached for reference (*Appendix A Report 8/2023*). The Department has recently concluded its review.

2.0 The Finance SPC's submission to the Review

The submission focused on the importance of the Dublin economy to the national economy and also drew attention to the young, skilled, educated population. The importance of planning for the future of our Capital City was strongly made so as to enable Dublin and Ireland to effectively compete on an international platform. Emphasis was given to the importance of Dublin to the tourist industry, from the perspective of Dublin as a key attractor for visitors and also from the perspective of tourism as a key employer in Dublin. As a youthful dynamic City, the point was made that Dublin must be adaptive in responding to changing service demands.

The submission also articulated that there is no benefit in pitting rural authorities against urban authorities, a practice which grows division in our society. Finally the absence of information as to how the baseline was set in the first instance was noted, and how it does not reflect all of the

varying demands on Dublin City Council including the provision of services for marginalised communities.

3.0 Circular Fin 07/2023

Recommendations of the Review Group

The circular (*attached Appendix B*) acknowledges the review of the LPT Baseline and sets out recommendations made by the review group as:

- 1. That from 2024, funding would be distributed in accordance with the allocation model developed by the working group, according to the following indicators and weightings: population: 10%, area: 35%, deprivation levels: 20%, Local Authority locally raised Income: 27.5% and achievement of National Policy Priorities: 7.5%.*
- 2. That no local authority should see a reduction in baseline funding upon the application of the above model: and*
- 3. That this model is used to review local authority baselines every 5 years, following updated census data.*

Equalisation

Dublin City Council will not receive equalisation funding in 2024.

Self-Funding of Services

Based on an estimated LPT yield in 2024 from Dublin City householders of €97.0m, Dublin City Council will be required to self-fund services in Housing and Roads to the value of €54.6m.

This requires the substitution of LPT receipts to fund services in Housing and Roads that were previously funding by central government grants.

4.0 Review Note

The Department of Housing, Local Government and Heritage has issued '*Local Property Tax Baseline Review 2023: Note for Local Authorities*' attached to this report (Appendix C). The note gives a high level overview of the workings of the review group. The allocations as determined by the model constructed by the group are shown, however the detailed process supporting each Local Authority allocation is not provided in the report.

The determination of the priority of specific indicators in turn determines the funds flow to each local authority. For example having determined that Area (or geographical size of the local authority) has the highest priority, larger size local authorities benefit more than those local

authorities with larger population which is given the second lowest priority. The allocation on Area does not reference the significant cost pressures in maintaining services with a high population density due to a high level of wear and tear on community assets and a high level of demand and delivery of services. Income is assigned the second highest priority with those with lower income bases receiving greater funds through the baseline process. This approach could act as a disincentive to local authorities to maximise income as without doing, substitute funding is provided on reaching a specific base level.

5.0 Outcome for Dublin City Council

The key outcomes are:

- Total LPT yield (at full base rate values) for 2024 €96.97m
- This represents an increase of €2.4m on 2023.
- The movement in discretionary funding (i.e. not directed by the Department to specific purposes) is from €7.09m to €8.77m
- This is an increase of €1.68m, of which €1.5m is an increase in baseline funding and €180k is due to LPT buoyancy.
- A 1% movement in the LPT base rate represents €969k in funding
- The value of a potential 15% reduction / increase of the LPT base rate is €14.54m.

6.0 Summary

- The national review of the LPT baseline has been concluded and the financial impacts have been published.
- The key points of the submission made by the Finance Strategic Policy Committee to the national review are not referenced by the Department of Housing Heritage and Local Government in the issued circular.
- In 2024 Dublin City Council, as for all local authorities, will directly receive additional LPT receipts of €1.5m.
- Buoyancy in LPT receipts of €180k will also benefit Dublin City Council in 2024, totalling €1.68m for both.
- This will be very helpful in the provision of services in 2024.

Kathy Quinn

**Head of Finance
with responsibility for ICT**

21st September 2023

Submission of Dublin City Council to the Review of Baseline Local Government Funding

Finance Strategic Policy Committee
16th March 2023



Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council

Background to Submission

- The Finance SPC Work programme sets out that *..this Committee will develop and support a campaign for sustainable local government funding, involving stakeholders across the local government sector and business...*
- A Review of Local Government Funding, as impacts Dublin City Council, was recently commissioned with Grant Thornton. The report was presented to and debated by the Finance SPC at the March 2022 meeting. The decision, to establish a *Local Government Funding Sub-Committee* at the May meeting of this SPC, was approved by the Members of the Corporate Policy Group in July
- The Sub-Committee, through the Chair, secured agreement with the Department of Housing, Local Government and Heritage, for a submission to be made to the baseline review, now ongoing.



The Dublin Economy (Pages 6 and 8)

- **Dublin, as Capital City, plays a vital international role and has been a major part of Ireland's economic success in recent decades**
- ***'If Dublin is underperforming, Ireland is under performing'* (Department of Housing, Local Government and Heritage)**
- **Preliminary CSO 2022 points to the Dublin City Council administrative area having a population of 588,233, reflecting a growth of 6% in six years or additional 33,000 persons.**
- **This growth of population places additional demands on our City Council and so it is imperative that funding of services be increased to enable service provision to grow in order to correlate to increasing demand factors from both citizens and businesses.**



Dublin and Tourism (Page 12)

- **The tourism industry is one of Irelands most important sectors.**
- **Of the €5.6bn contribution from tourism in 2019, €2.2bn was spent in Dublin.**
- **70% of 9.5m visitors in 2019 entered through Dublin Airport.**
- **One seventh or 14% of all international visitors are business related.**
- **59% of visitors to Ireland choose to spend most of their time in Dublin.**
- **The number of passenger vehicles handled through all other ports combined represents 42% of throughput for Dublin Port .**



Internationally Competitive Dublin (Page 16)

- **Dublin has a young and well educated population and a large number of universities, institutes and research centres.**
- **As the State's Capital City, Dublin performs a significant economic administrative and cultural role.**
- **It is important that Dublin continues to be a dynamic city that remains attractive for companies seeking a location of international scale for their global operations.**
- **The successful growth of Dublin and associated economic benefits is dependent on a local authority funding model that identifies with the future funding challenges of the City Council in expanding service provision in response to the changing environment.**



Challenges to Future Development (Page 18)

- **Deficit in supply of affordable and social housing against demand.**
- **Constraints on revenue funding base to support additional services.**
- **View held by some that Dublin City Council has limitless resources which can contribute in full or in part to services without regard to financial capacity.**
- **The continued impact of COVID 19 on the City's economy, especially the impact on the retail/hospitality industry, the shift to remote working and consumers shifting to online shopping.**



Funding Challenges (Page 32)

- **Both urban and rural communities face the same considerable challenges which the Local Government sector is struggling to manage, such as the growing demand for and cost of services with largely stagnant levels of resources. Highlighting these challenges, within the Dublin City context, seeks to encourage addressing them in such a manner that will benefit all communities.**
- **Council generated revenues have largely stagnated over the past five years in comparison to Government Grants. This is, in part, due to policy choices that the Council has made in choosing to support businesses and tenants through direct financial savings. This is at the expense of generating additional income to support them through additional services.**



Current Funding Model (Page 36)

- LPT collected is considerably less than General Purpose Grants, from a high of €999m GPG in 2008 to LPT of €530 in 2021.
- The 2014 baseline is arbitrary.
- Most of the LPT (and other funding) provided to Local Authorities is non-discretionary, in that its use is specifically directed by Central Government Departments, reducing the autonomy of Local Authorities to respond to the priorities of its citizens. The Dublin Local Authorities have been unable to recoup the full costs of the DFB Emergency Ambulance Service with funding remaining flat since 2013.
- The removal of the 20% Equalisation Fund distribution element resulted in a potential uplift of circa €16m pa to Dublin City Council however this was offset by a reduction in funding elsewhere.



Key Issues for Consideration (Page 38)

- **LPT : Residents within Dublin City Council pay their LPT (as collected by the Revenue Commissioners) but with the understanding that these funds will be used within the Dublin City Council area for its enhancement and development and to prioritise the needs of the local community. However, with Dublin City Council having discretion on the use of just €7m of the estimated €96m LPT collected in 2023, this creates undue expectations for service levels that cannot be delivered upon**
- **Cost Profile: Rising inflation, temporary or ongoing, will further impact upon costs with the end result being that the same amount of funding will ultimately be available to deliver a reduced service level.**



Key Issues for Consideration (Page 40)

- **The National Planning Framework (NPF) is the Government's high level strategic plan for shaping the future growth and development of the country to 2040. The NPF acknowledges that there is a need to improve housing choice, transport mobility and quality of life to ensure that the City retains its competitive advantage.**
- **Dublin needs to become a greener more environmentally sustainable city in line with international competitors.**
- **National Benefits from Dublin: Any changes to the Local Authority Funding Model and indeed wider Central Government Funding need to take account of the benefits that a successful, ambitious and growing Dublin does and can bring to Ireland.**



The Baseline (Page 44)

- **The arbitrary and ill-defined approach taken to determining the baseline level of funding in which surpluses are redistributed and below which deficits are compensated for.**
- **The lack of a coherent funding model formula creates a black box concern that there is no underlying understanding of how or why funds are redistributed under the current approach.**
- **The use of a 2014 baseline takes no account of whether this was a typical year. It also bears no reflection of the relative needs or funding requirements of each individual Local Authority in any given year and its retention results in Councils funding effectively being frozen at a point in time with no consideration of rising costs of other expenditure pressures.**



Thank you



Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council



06 September 2023

Circular Fin 07/2023

Chief Executive

cc. Head of Finance

Provisional Local Property Tax Allocations 2024 – Dublin City Council

A Chara,

I am directed by the Minister for Housing, Local Government and Heritage to inform you that the provisional Local Property Tax (LPT) allocations from the Local Government Fund for 2024 have been agreed and Dublin City Council's allocation is set out below and in **Appendix A** to this document. LPT allocations have been calculated based on an estimated yield (pre variation) for the 2024 LPT liability year of €528.8m, based on the latest 2022 LPT liabilities data as provided by the Revenue Commissioners, adjusted for deferrals and newly liable properties for 2023 (as set out in **Appendix B** to this document).

LPT Baseline Review and 2024 Baseline

Under the current LPT allocation model, every local authority is entitled to receive a minimum amount of funding under the LPT allocation process, known as the Baseline.

As you are aware, a working group, which included representatives from the local government sector, was set up earlier this year to review and establish a new model to determine LPT baseline funding levels. The work of the group has now concluded with the following recommendations:

1. That from 2024, funding would be distributed in accordance with the allocation model developed by the working group, according to the following indicators and weightings: population: 10%, area: 35%, deprivation levels: 20%, Local Authority locally raised Income: 27.5% and achievement of National Policy Priorities: 7.5%;
2. That no local authority should see a reduction in baseline funding upon the application of the above model; and
3. That this model is used to review local authority baselines every 5 years, following updated census data.

The Minister has approved the recommendations of the group, and, furthermore has committed to ensuring that every authority receives an increase in baseline funding in

2024 of at least €1.5m. Accordingly, the overall LPT Baselines of Local Authorities in 2024 will be increased from **€353m** to **€428.4m** (Local Authority 2024 LPT Baselines are set out in **Appendix C** to this document). As well as assisting local authorities to meet the costs of providing essential services, ensuring a minimum increase in baseline funding to each local authority enables a level of flexibility and discretion for each authority to address priority resource demands arising, such as those required to implement cyber security measures, to support the roll out of the new Code of Corporate Governance for Local Authorities and to support National Development Plan delivery generally.

It should be noted that the purpose of the review was to identify those authorities that needed to be brought up to par in terms of baseline funding, and therefore some authorities will see a greater increase in funding than others.

Dublin City Council's Baseline for 2024 is **€20,595,592**.

Equalisation

In line with the commitment in the Programme for Government – *Our Shared Future*; 100% of the estimated LPT yield is retained locally within the local authority area where it is collected. All equalisation funding will be met by the Exchequer, to ensure that all authorities receive, at a minimum, an amount equivalent to their Baseline. The equalisation funding requirement will be based on the total expected level of LPT in each local authority area and will not be adjusted if the basic rate of LPT is varied.

Based on its surplus position when expected 2024 LPT receipts are compared to the 2024 Baseline, Dublin City Council will not be in receipt of equalisation funding in 2024.

Self-Funding

As previously, those local authorities with a surplus LPT yield above their baseline, will have that surplus allocated in two ways:

- Part of the surplus, up to the equivalent of 22.5% of total expected LPT income (or the full amount of the surplus if that is less than 22.5%), can be used as additional income by local authorities for the authority's own use as part of their normal budgetary process; and
- The remainder of the surplus, if any, will then be available to the local authority to fund services in the housing and/or roads areas thereby replacing Central Government funding for some of these services. Authorities are expected to continue providing such services regardless of the changed approach to funding.

- The self-funding requirement will be based on the total expected level of LPT in each local authority area before any application of a local variation decision and will not be adjusted if the basic rate of LPT is varied.

Based on its surplus position when expected 2024 LPT receipts are compared to the 2024 Baseline, Dublin City Council will be required to self-fund services in the Housing and Roads areas.

The specific detail of the level of Central Government Voted grants funding to be provided to local authorities is a matter that will be considered, as normal, as part of the Estimates process.

Provisional LPT allocation to Dublin City Council in 2024

The LPT allocation for Dublin City Council for 2024 (**pending any decision to locally vary the basic rate**) is **€96,970,371**. As a local authority that will be in receipt of 2024 LPT income in excess of the Baseline, Dublin City Council will be entitled to retain an amount of this surplus funding equivalent to 22.5% of the total expected LPT yield or **€21,818,334** for its own use. Dublin City Council will be required to use the remainder of the surplus to self-fund some specified services in the Housing and Roads areas to the value of **€54,556,445**. Details of the self-funding breakdown between Housing and Roads, capital and revenue will issue in a separate circular.

Please refer to the table in **Appendix A**, which sets out the basis for the allocation.

Variation

Every local authority has the power to vary the basic rate of LPT by up to 15%. It should be noted that if a local authority decides to vary the LPT basic rate upwards in 2024; 100% of the resultant additional income will be available for the authorities' own use. Similarly, if an authority decides to vary the LPT basic rate downwards (by up to 15%) in 2024, the resultant loss in LPT income will be reflected in reduced LPT funding to the authority.

Local authorities are further reminded of their statutory obligations as set out in the Local Property Tax (Local Adjustment Factor) Regulations 2022 (S.I. 358 of 2022) which take account of relevant provisions in the Finance (Local Property Tax) Acts. These regulations provide the updated requirements for local authorities who may wish to vary their local property tax rates for a specified period, in accordance with section 20 of the Act.

Apart from the formal notification to the Minister of the passing of a resolution in accordance with the regulations, local authorities will be requested, as a procedural

matter, to confirm with the Department, the local adjustment factor (or the basic rate, as the case may be) that should apply for the 2024 LPT liability year, on or before 15 October 2023.

Previous guidance circular Fin 08/2014 and Fin 06/2022 also refers.

LPT Statistics and Property Valuation Bands

2023 LPT Preliminary Statistics and Property Valuation Bands are available on the Revenue Commissioners website at the following web link:

<https://www.revenue.ie/en/corporate/information-about-revenue/statistics/local-property-tax/lpt-stats/2023/index.aspx>

LPT amounts set out in **Appendix B** to this document outline the following:

- Estimated Net LPT Liabilities for 2024 (Before the application of any local adjustment factor variation)
- 2023 LPT Deferrals (before local variation). Excluded from the estimated Net LPT Liabilities
- Properties Newly Liable in 2023 (before local variation). Included in estimated Net LPT Liabilities

The projected amounts for 2024 LPT do not reflect any local decision to lower/increase the basic rate by the local adjustment factor in 2024, i.e. data provided is pre-variation.

This is of course subject to normal fluctuations that may be caused by transfers in property ownership and the on-going compliance campaign in operation by the Revenue Commissioners.

Local Authorities will be advised of any further information once it becomes available.

Is mise, le meas,



Sinéad O'Gorman,
Principal,
Local Government Finance

Appendix A

Dublin City Council - 2024 LPT Allocation (pending any decision to vary the basic rate)

	€
LPT Retained Locally 100%	96,970,371
2024 Baseline	<u>20,595,592</u>
2024 Surplus (LPT Retained Locally – 2024 Baseline)	<u>76,374,779</u>

Amount of Surplus to be retained for authority's own use (22.5% of basic rate of LPT income)

	21,818,334
Balance of Surplus to Self-Fund Housing and Roads Services	<u>54,556,445</u>
2024 Surplus	<u>76,374,779</u>

Amount of LPT Allocation to be retained for authority's own use in 2024 (pending any decision to vary the basic rate)

42,413,926

Total LPT Funding to be provided in 2024

96,970,371

Value of potential increase or decrease in 2024 LPT Allocation
for every 1% of variation implemented

+/- 969,704

Appendix B – Estimate of LPT yield in respect of the 2024 Liability Year, before the application of any Local Adjustment Factor

Local Authority	Estimated Net LPT Liabilities for 2024 (Before the application of any local adjustment factor variation)	2023 Deferrals excluded	Properties newly liable in 2023 included
	Net LPT figure excludes deferrals, but includes newly liable properties		
Carlow County Council	€3,998,227	€21,569	€26,302
Cavan County Council	€4,014,598	€19,770	€17,768
Clare County Council	€9,738,737	€40,666	€66,279
Cork City Council	€22,449,184	€106,318	€195,335
Cork County Council	€33,371,302	€133,497	€328,168
Donegal County Council	€9,049,469	€30,968	€34,536
Dublin City Council	€96,970,371	€543,099	€1,198,689
Dún Laoghaire-Rathdown CC	€60,095,759	€315,540	€1,158,645
Fingal County Council	€43,609,512	€237,892	€740,310
Galway City Council	€8,963,395	€38,565	€33,915
Galway County Council	€15,299,282	€52,875	€96,463
Kerry County Council	€13,366,016	€38,679	€56,940
Kildare County Council	€25,244,978	€116,167	€605,402
Kilkenny County Council	€7,628,509	€29,078	€41,430
Laois County Council	€5,241,795	€21,735	€51,716
Leitrim County Council	€1,878,503	€8,672	€3,303
Limerick City and County Council	€15,167,516	€66,425	€103,915
Longford County Council	€2,146,088	€11,541	€7,266
Louth County Council	€10,195,678	€64,485	€136,059
Mayo County Council	€9,178,425	€33,949	€48,659
Meath County Council	€20,323,607	€114,099	€340,193
Monaghan County Council	€3,244,442	€15,450	€21,427
Offaly County Council	€4,815,843	€23,892	€49,672
Roscommon County Council	€3,839,124	€13,917	€16,144
Sligo County Council	€4,780,540	€18,929	€26,107
South Dublin County Council	€34,447,779	€254,031	€423,001
Tipperary County Council	€11,052,375	€40,645	€23,795
Waterford City & County Council	€9,863,694	€48,365	€83,342
Westmeath County Council	€6,611,936	€28,238	€40,542
Wexford County Council	€12,394,385	€68,304	€116,411
Wicklow County Council	€19,824,676	€115,049	€364,707
Total	€528,805,743	€2,672,409	€6,456,442

Note: The estimated €528.8m (pre-variation) yield for the 2024 LPT liability year is based on the Revenue Commissioners' latest yield estimates of €513.4m (post-variation) for the 2022 liability year. The estimated yield includes newly liable properties for 2023, but excludes any deferrals for 2023. The effect of the application of any local adjustment factor is excluded in the table above.

Appendix C – Local Authority LPT Baselines 2024

Local Authority	LPT Baseline 2024
Carlow County Council	€8,914,470
Cavan County Council	€11,783,496
Clare County Council	€10,179,318
Cork City Council	€11,198,643
Cork County Council	€18,453,747
Donegal County Council	€26,619,850
Dublin City Council	€20,595,592
Dún Laoghaire-Rathdown County Council	€9,770,919
Fingal County Council	€5,824,881
Galway City Council	€4,099,723
Galway County Council	€20,309,071
Kerry County Council	€15,276,761
Kildare County Council	€13,255,790
Kilkenny County Council	€12,173,913
Laois County Council	€11,620,533
Leitrim County Council	€10,456,315
Limerick City & County Council	€19,054,464
Longford County Council	€10,406,648
Louth County Council	€11,366,198
Mayo County Council	€21,312,344
Meath County Council	€12,372,034
Monaghan County Council	€12,738,572
Offaly County Council	€11,252,214
Roscommon County Council	€11,993,634
Sligo County Council	€11,702,627
South Dublin County Council	€8,926,059
Tipperary County Council	€27,451,602
Waterford City and County Council	€20,178,971
Westmeath County Council	€12,705,507
Wexford County Council	€15,126,453
Wicklow County Council	€11,230,668
Total	€428,351,015



An Roinn Tithíochta,
Rialtais Áitiúil agus Oidhreachta
Department of Housing,
Local Government and Heritage

Local Property Tax Baseline Review 2023:

Note for Local Authorities

September 2023

Prepared by the Local Government Finance Section.
Department of Housing, Local Government and Heritage

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1 Introduction

Central Government Funding to local authorities has developed and evolved over the last 20 years, from the General Purpose Grant in 2000, to the allocations of the Local Property Tax (LPT) in 2015. The most recent changes were in 2023; to allow for 100% of the estimated yield to be retained locally within the local authority area where it is collected. The 2023 baseline stands at €353m for all local authorities, and the distribution of this baseline is set out in Table 1 below.

2 Reason for review

It has been argued that the level of baseline funding, which varies from authority to authority, no longer fairly reflects the differing expenditure needs and income raising abilities of local authorities. It is accepted that the circumstances of local authorities vary considerably from one another in terms of geographic area, population, service needs and the ability to raise their own income locally, and that these circumstances have seen significant changes in the last 20 years. Table 1 shows the existing baselines in use until 2023 and the ranking of each local authority in terms of the level of baseline.

- *Table 1 – Existing LPT Baseline as is in 2023*

Local Authority	Existing 2023 Baseline	Rank
Carlow	€6,138,657	27
Cavan	€9,480,501	19
Clare	€4,435,383	28
Cork City	€9,698,643	18
Cork County	€8,402,758	24
Donegal	€25,119,850	2
Dublin City	€19,095,592	4
Dún Laoghaire–Rathdown	€8,270,919	25
Fingal	€3,699,275	30
Galway City	€2,599,723	31
Galway County	€14,517,890	7
Kerry	€13,776,761	8
Kildare	€11,755,790	10
Kilkenny	€10,673,913	13
Laois	€8,558,877	22
Leitrim	€8,956,315	20
Limerick	€17,554,464	6
Longford	€8,906,648	21
Louth	€9,866,198	17
Mayo	€19,812,344	3
Meath	€10,535,969	14
Monaghan	€11,238,572	11
Offaly	€7,656,288	26
Roscommon	€10,216,232	15
Sligo	€10,202,627	16

Local Authority	Existing 2023 Baseline	Rank
South Dublin	€3,856,262	29
Tipperary	€25,951,602	1
Waterford	€18,678,971	5
Westmeath	€11,205,507	12
Wexford	€13,547,516	9
Wicklow	€8,547,247	23
Total	€352,957,294	

The Minister for Housing, Local Government and Heritage committed on a number of occasions since 2020 to undertake a review of the baseline allocation. The LPT revaluation process was completed with updated data available in terms of the revised yield, and in addition, Census 2022 data was available. These circumstances facilitated the Department to set up a Working Group in 2023, to complete the promised review of baseline funding. The objective of the review was to recommend a set of key indicators which may be used to allocate available funding to local authorities in a fair, equitable and transparent manner. The working group included both executive and elected member representation from local authorities. The County and City Management Association (CCMA), Association of Irish local Government (AILG) and Local Authorities Members Association (LAMA) were each asked for their own Nominees.

Baseline Review Group Membership

Chairperson (DHLGH): Sinéad O’Gorman

DHLGH: Deirdre McCarthy, Tim Nuttall, Richie Farrell

DPER: Garret O’Rourke

CCMA: Jim Cullen (Former Acting CEO, Galway Co), Angela McAllen (HoF, Kerry), Oliver Hunt (HoF Fingal), Liam McCarthy (CCMA HoF, Tipperary)

AILG: Cllr Anne Colgan (DLR), Tommy Moylan (AILG, Director)

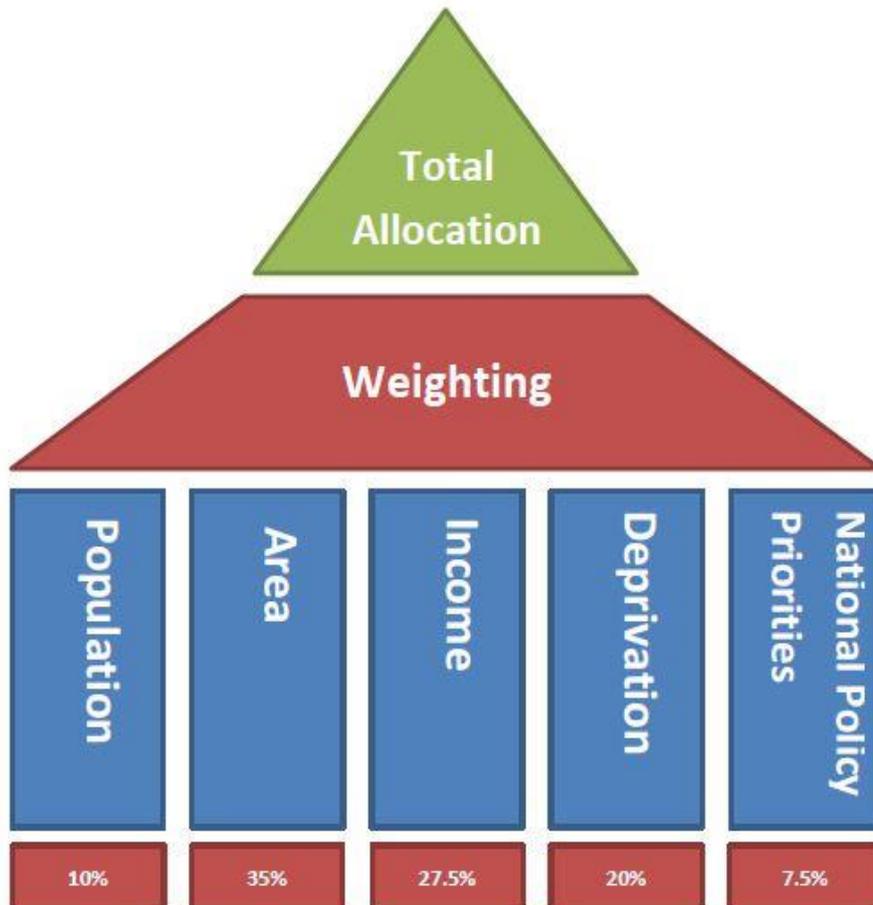
LAMA: Cllr John Sheahan (Limerick City and County Council), Cllr Michéal Anglim (Tipperary County Council and Chair of LAMA)

During the consultation process views and recommendations were sought from local authorities, elected representatives and social partners. These submissions and surveys were assessed and considered by the working group.

3 Recommendations of the Working Group

The final recommendations of the group are as follows;

- That the Minister allocate local authority LPT baselines for 2024 in accordance with the allocation model developed by the working group.
- That the model will determine the allocation of baseline funding to local authorities according to the following indicators and weightings;



- That the application of this model will not result in a reduction of current LPT baseline funding levels (i.e. 2023 levels) for any local authority.
- That this model is used to review local authority baselines every 5 years, following updated census data.

4 Further information on indicators and weighting

The model distributes baseline funding in accordance with the following weighted indicators: population, area of local authority, deprivation, income and achievement of national policy priorities.

4.1 Population

In the model, 10% of the total funding is allocated in proportion to the population of the authority; based on 2022 census figures. Table 2 below shows how authorities ranked in terms of population, and how allocations are distributed in accordance with these rankings (based on a total of €35.3m; or 10% of €353m).

Table 2 – Baseline Model: ‘Population’ Indicator Allocation Result

Local Authority	Allocation	Rank
Carlow	€426,639	29
Cavan	€559,389	25
Clare	€877,782	18
Cork City	€1,531,639	7
Cork County	€2,472,427	2
Donegal	€1,145,775	12
Dublin City	€4,052,302	1
Dún Laoghaire–Rathdown	€1,608,271	6
Fingal	€2,267,963	3
Galway City	€574,923	23
Galway County	€1,329,531	10
Kerry	€1,069,563	15
Kildare	€1,701,410	5
Kilkenny	€714,280	20
Laois	€631,420	22
Leitrim	€241,712	31
Limerick	€1,415,291	9
Longford	€321,259	30
Louth	€958,251	16
Mayo	€945,376	17
Meath	€1,517,606	8
Monaghan	€446,624	28
Offaly	€569,495	24
Roscommon	€482,191	26
Sligo	€480,979	27
South Dublin	€2,065,256	4
Tipperary	€1,155,006	11
Waterford	€875,481	19
Westmeath	€660,236	21
Wexford	€1,126,528	13
Wicklow	€1,071,127	14
Total	€35,295,729	

4.2 Area

The model allocates 35% of the total funding in proportion to the area of the authority. Table 3 below shows how authorities ranked in terms of area/size, and how allocations are distributed in accordance with these rankings (based on a total of €123.5m; or 35% of €353m).

Table 3 – Baseline Model: ‘Area’ Indicator Allocation Result

Local Authority	Allocation	Rank
Carlow	€1,575,583	24
Cavan	€3,394,826	15
Clare	€6,052,969	7
Cork City	€328,013	28
Cork County	€12,860,585	1
Donegal	€8,537,438	4
Dublin City	€225,622	29
Dún Laoghaire–Rathdown	€222,480	30
Fingal	€804,888	26
Galway City	€89,115	31
Galway County	€10,723,653	2
Kerry	€8,460,562	5
Kildare	€2,977,965	20
Kilkenny	€3,640,708	12
Laois	€3,021,988	19
Leitrim	€2,791,538	21
Limerick	€4,842,779	8
Longford	€1,917,964	23
Louth	€1,452,178	25
Mayo	€9,822,098	3
Meath	€4,116,999	11
Monaghan	€2,274,962	22
Offaly	€3,515,767	14
Roscommon	€4,477,514	9
Sligo	€3,227,581	18
South Dublin	€392,791	27
Tipperary	€7,564,776	6
Waterford	€3,264,405	16
Westmeath	€3,231,495	17
Wexford	€4,165,856	10
Wicklow	€3,559,953	13
Total	€123,535,053	

4.3 Deprivation

Under the model, 20% of the total funding is allocated based on the Pobal Deprivation Index for Municipal Districts (or City Electoral Areas). Those areas with a minus Deprivation Index Score receive an allocation in proportion to (1) the score and (2) the population of the area. There is a maximum allocation of €1.35m per MD (or CEA) and a minimum allocation of €406k per local authority. Table 4 below shows how authorities ranked in terms of the Deprivation indices, and how allocations are distributed in accordance with these rankings (based on a total of €70.6m; or 20% of €353m).

Table 4 – Baseline Model: ‘Deprivation’ Indicator Allocation Result

Local Authority	Allocation	Rank
Carlow	€2,020,389	15
Cavan	€2,533,631	11
Clare	€794,932	27
Cork City	€2,533,869	10
Cork County	€713,485	28
Donegal	€6,263,333	1
Dublin City	€4,532,483	4
Dún Laoghaire–Rathdown	€406,272	29
Fingal	€406,272	29
Galway City	€406,272	29
Galway County	€1,993,381	16
Kerry	€2,229,488	12
Kildare	€1,643,694	20
Kilkenny	€900,601	26
Laois	€1,898,807	17
Leitrim	€967,343	25
Limerick	€3,076,027	8
Longford	€2,103,136	13
Louth	€3,620,024	7
Mayo	€3,814,550	6
Meath	€1,285,421	23
Monaghan	€1,710,168	19
Offaly	€2,073,620	14
Roscommon	€1,714,538	18
Sligo	€1,028,415	24
South Dublin	€4,062,723	5
Tipperary	€4,895,558	3
Waterford	€2,826,747	9
Westmeath	€1,535,255	21
Wexford	€5,190,928	2
Wicklow	€1,410,096	22
Total	€70,591,459	

4.4 Income

The model allocates 27.5% of the total funding, based on the locally raised income per capita in the authority. This income comprises of Goods and Services income and Commercial Rates income. Authorities receive an allocation proportionate to their distance from the highest income per capita. 18 Authorities with an income per capita below the average collectively receive 80% of the total allocation, while the 13 authorities with an income per capita above the average receive 20% of the total. Table 5 below shows how allocations would be distributed in accordance with these rankings (based on a total available of €97m, or 27.5% of €353m), based on income raising capabilities.

Table 5 – Baseline Model: ‘Income’ Indicator Allocation Result

Local Authority	Allocation	Rank
Carlow	€3,975,573	16
Cavan	€4,426,898	6
Clare	€1,719,868	19
Cork City	€1,133,979	29
Cork County	€1,417,474	25
Donegal	€3,703,433	18
Dublin City	€1,133,979	29
Dún Laoghaire–Rathdown	€1,417,474	25
Fingal	€1,417,474	25
Galway City	€1,133,979	29
Galway County	€5,373,909	1
Kerry	€1,719,868	19
Kildare	€4,445,721	5
Kilkenny	€4,172,504	12
Laois	€4,773,036	2
Leitrim	€4,317,180	10
Limerick	€1,719,868	19
Longford	€1,719,868	19
Louth	€4,097,815	13
Mayo	€1,719,868	19
Meath	€4,662,633	3
Monaghan	€4,271,589	11
Offaly	€4,339,720	8
Roscommon	€4,502,324	4
Sligo	€4,019,588	15
South Dublin	€1,417,474	25
Tipperary	€4,048,554	14
Waterford	€1,719,868	19
Westmeath	€4,408,882	7
Wexford	€3,814,077	17
Wicklow	€4,318,779	9
Total	€97,063,256	

4.5 National Policy Priorities

Under the model, 7.5% of the total is allocated based on an authority's performance in relation to two main policy priorities (1) Housing (based on NOAC key performance indicators) and (2) Climate (based on Emissions targets from the Sustainable Energy Authority of Ireland). Table 6 below shows how authorities ranked in terms of this performance and how allocations would be distributed in accordance with these rankings (based on a total available of €26.5m, or 7.5% of €353m).

Table 6 – Baseline Model: 'National Policy' Indicator Allocation Result

Local Authority	Allocation	Rank
Carlow	€916,286	7
Cavan	€868,752	12
Clare	€733,768	27
Cork City	€487,794	31
Cork County	€989,777	4
Donegal	€910,401	8
Dublin City	€791,338	19
Dún Laoghaire–Rathdown	€1,188,216	3
Fingal	€928,284	6
Galway City	€831,026	14
Galway County	€888,596	10
Kerry	€670,313	29
Kildare	€773,455	23
Kilkenny	€757,535	25
Laois	€1,295,282	1
Leitrim	€640,432	30
Limerick	€906,478	9
Longford	€773,455	23
Louth	€868,752	12
Mayo	€813,143	18
Meath	€789,376	20
Monaghan	€1,273,477	2
Offaly	€753,611	26
Roscommon	€817,066	17
Sligo	€777,378	21
South Dublin	€987,816	5
Tipperary	€733,768	27
Waterford	€775,417	22
Westmeath	€831,026	14
Wexford	€829,064	16
Wicklow	€870,714	11
Total	€26,471,797	

4.6 Weighting of indicators

The impacts of various weightings were demonstrated and examined using the model, and final weightings were agreed by the group on the basis that they achieved the fairest balance between urban and rural authorities. Expenditure drivers (Population, Area and Deprivation) make up 65% of the weightings and income drivers (i.e. ability to raise locally) make up 27.5% of the weightings.

5 Impact of new model if applied to existing baseline of €353m

If the newly recommended model was applied to the current baseline of €353m, it is inevitable that there would be increases in the baselines of some authorities, and a corresponding decrease in others. Many authorities that have, in the past, claimed their baseline level is not on a par with comparable authorities would see an uplift in their baseline. 17 such authorities would see an increase, including Cork County, Galway County and Carlow. The corresponding decreases would be seen in remaining 14 authorities; including significant decreases for Waterford and Tipperary.

Table 7 below sets out the baseline funding per local authority if the model was applied using the existing baseline of €353m, thereby resulting in increases and decreases across the sector.

Table 7 – New baselines; applying model with no change to €353m baseline

Local Authority	Allocation	Rank	Resulting Increases/ Decrease
Carlow	€8,914,470	26	€2,775,813
Cavan	€11,783,496	11	€2,302,995
Clare	€10,179,318	20	€5,743,935
Cork City	€6,015,294	28	-€3,683,349
Cork County	€18,453,747	3	€10,050,989
Donegal	€20,560,380	1	-€4,559,469
Dublin City	€10,735,723	17	-€8,359,869
Dún Laoghaire–Rathdown	€4,842,714	30	-€3,428,205
Fingal	€5,824,881	29	€2,125,607
Galway City	€3,035,315	31	€435,592
Galway County	€20,309,071	2	€5,791,180
Kerry	€14,149,794	7	€373,033
Kildare	€11,542,245	13	-€213,545
Kilkenny	€10,185,628	19	-€488,285
Laois	€11,620,533	12	€3,061,656
Leitrim	€8,958,206	24	€1,891
Limerick	€11,960,445	10	-€5,594,019
Longford	€6,835,683	27	-€2,070,965
Louth	€10,997,021	16	€1,130,823
Mayo	€17,115,036	5	-€2,697,308
Meath	€12,372,034	8	€1,836,065
Monaghan	€9,976,819	21	-€1,261,753
Offaly	€11,252,214	14	€3,595,926
Roscommon	€11,993,634	9	€1,777,402
Sligo	€9,533,941	22	-€668,686
South Dublin	€8,926,059	25	€5,069,796
Tipperary	€18,397,662	4	-€7,553,940

Local Authority	Allocation	Rank	Resulting Increases/ Decrease
Waterford	€9,461,918	23	-€9,217,052
Westmeath	€10,666,893	18	-€538,614
Wexford	€15,126,453	6	€1,578,937
Wicklow	€11,230,668	15	€2,683,421
Total	€352,957,294		

6 Applying the new model on a ‘No-reduction’ basis

It was not realistic when developing a new model for the allocation of baseline funding to expect that any local authority would have a reduced baseline as a result of the application of the model. Indeed the working group made a recommendation to that effect. To ensure that no authority receives a decrease in baseline funding (as per the recommendations of the Group) and maintains, at a minimum, its current level of baseline funding, the existing baseline required an additional €50.3m of funding; that is, an increase to €403.3m.

Table 8 below sets out the baseline funding per local authority, if the model was applied on a ‘no reductions’ basis, ensuring that the 14 local authorities maintained the same level of baseline, but applying the increases identified in Table 7 to the other 17 local authorities.

Table 8 – New baseline; applying model on a ‘No Reductions’ basis

Local Authority	Allocation	Rank
Carlow	€8,914,470	27
Cavan	€11,783,496	13
Clare	€10,179,318	23
Cork City	€9,698,643	24
Cork County	€18,453,747	7
Donegal	€25,119,850	2
Dublin City	€19,095,592	5
Dún Laoghaire–Rathdown	€8,270,919	29
Fingal	€5,824,881	30
Galway City	€3,035,315	31
Galway County	€20,309,071	3
Kerry	€14,149,794	10
Kildare	€11,755,790	14
Kilkenny	€10,673,913	21
Laois	€11,620,533	15
Leitrim	€8,958,206	25
Limerick	€17,554,464	8

Local Authority	Allocation	Rank
Longford	€8,906,648	28
Louth	€10,997,021	20
Mayo	€19,812,344	4
Meath	€12,372,034	11
Monaghan	€11,238,572	17
Offaly	€11,252,214	16
Roscommon	€11,993,634	12
Sligo	€10,202,627	22
South Dublin	€8,926,059	26
Tipperary	€25,951,602	1
Waterford	€18,678,971	6
Westmeath	€11,205,507	19
Wexford	€15,126,453	9
Wicklow	€11,230,668	18
Total	€403,292,354	

7 Applying a minimum increase to every baseline

While applying the above model on a 'no reduction' basis would lead to an increase in baseline funding for 17 local authorities, the remaining 14 authorities would see no increase in baseline funding (remaining at the 2023 levels).

Many local authorities and public representatives have expressed concern that current baseline levels no longer sufficiently support an adequate level of service provision, due to significant increases in population and inflation. Central Government has acknowledged that the sector faces considerable challenges with a growing demand for, and cost of, services, while the ability to raise income locally is not increasing at the same rate.

For this reason, it was decided that every local authority should see some increase in baseline funding, and this minimum increase was set at €1.5m. Table 9 below shows the level of baseline funding for each local authority when (1) the model is applied on a 'no-reductions' basis and (2) additional funding of €25m is applied to ensure that each authority sees an increase of at least €1.5m. This is the final and agreed baseline for 2024 onwards.

Table 9 – New 2024 Baseline: ensuring ‘No Reductions’ PLUS €1.5m minimum increase

Local Authority	Allocation	Rank	Resulting Increases/ Decrease
Carlow	€8,914,470	29	€2,775,813
Cavan	€11,783,496	17	€2,302,995
Clare**	€10,179,318	26	€5,743,935
Cork City	€11,198,643	23	€1,500,000
Cork County	€18,453,747	8	€10,050,989
Donegal	€26,619,850	2	€1,500,000
Dublin City	€20,595,592	4	€1,500,000
Dún Laoghaire–Rathdown	€9,770,919	27	€1,500,000
Fingal	€5,824,881	30	€2,125,607
Galway City	€4,099,723	31	€1,500,000
Galway County	€20,309,071	5	€5,791,180
Kerry	€15,276,761	9	€1,500,000
Kildare	€13,255,790	11	€1,500,000
Kilkenny	€12,173,913	15	€1,500,000
Laois	€11,620,533	19	€3,061,656
Leitrim	€10,456,315	24	€1,500,000
Limerick	€19,054,464	7	€1,500,000
Longford	€10,406,648	25	€1,500,000
Louth	€11,366,198	20	€1,500,000
Mayo	€21,312,344	3	€1,500,000
Meath	€12,372,034	14	€1,836,065
Monaghan	€12,738,572	12	€1,500,000
Offaly	€11,252,214	21	€3,595,926
Roscommon	€11,993,634	16	€1,777,402
Sligo	€11,702,627	18	€1,500,000
South Dublin	€8,926,059	28	€5,069,796
Tipperary	€27,451,602	1	€1,500,000
Waterford	€20,178,971	6	€1,500,000
Westmeath	€12,705,507	13	€1,500,000
Wexford	€15,126,453	10	€1,578,937
Wicklow	€11,230,668	22	€2,683,421
Total	€428,351,015		

Clare moves from being a surplus authority to being an equalisation authority; it is therefore the only authority to see 'own use' yield increase by less than baseline increase**. Baseline increases by €5.7m, while own use funding by €3.7m

8 Conclusion

It was deemed necessary that no local authority would see a decrease in funding, and in addition, that each authority would receive some increase in funding for 2024, meaning the new baseline applying in 2024 will maintain some historical elements of the previous baseline. The effects of the implementation of the review are greater transparency on the methodology of baseline allocation; and greater equivalence between comparable authorities due to consideration of population, area, deprivation index and income raising capabilities.

Finally, the working group recommended that this model is used to review local authority baselines every five years, following updated census data. It is recommended that any additional funding will be allocated in accordance with the model, therefore ensuring that further allocations are fairly and transparently distributed in line with the comparable needs and resources of each local authority.

The Department of
Housing, Local Government and Heritage



An Roinn Tithíochta,
Rialtais Áitiúil agus Oidhreacht
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